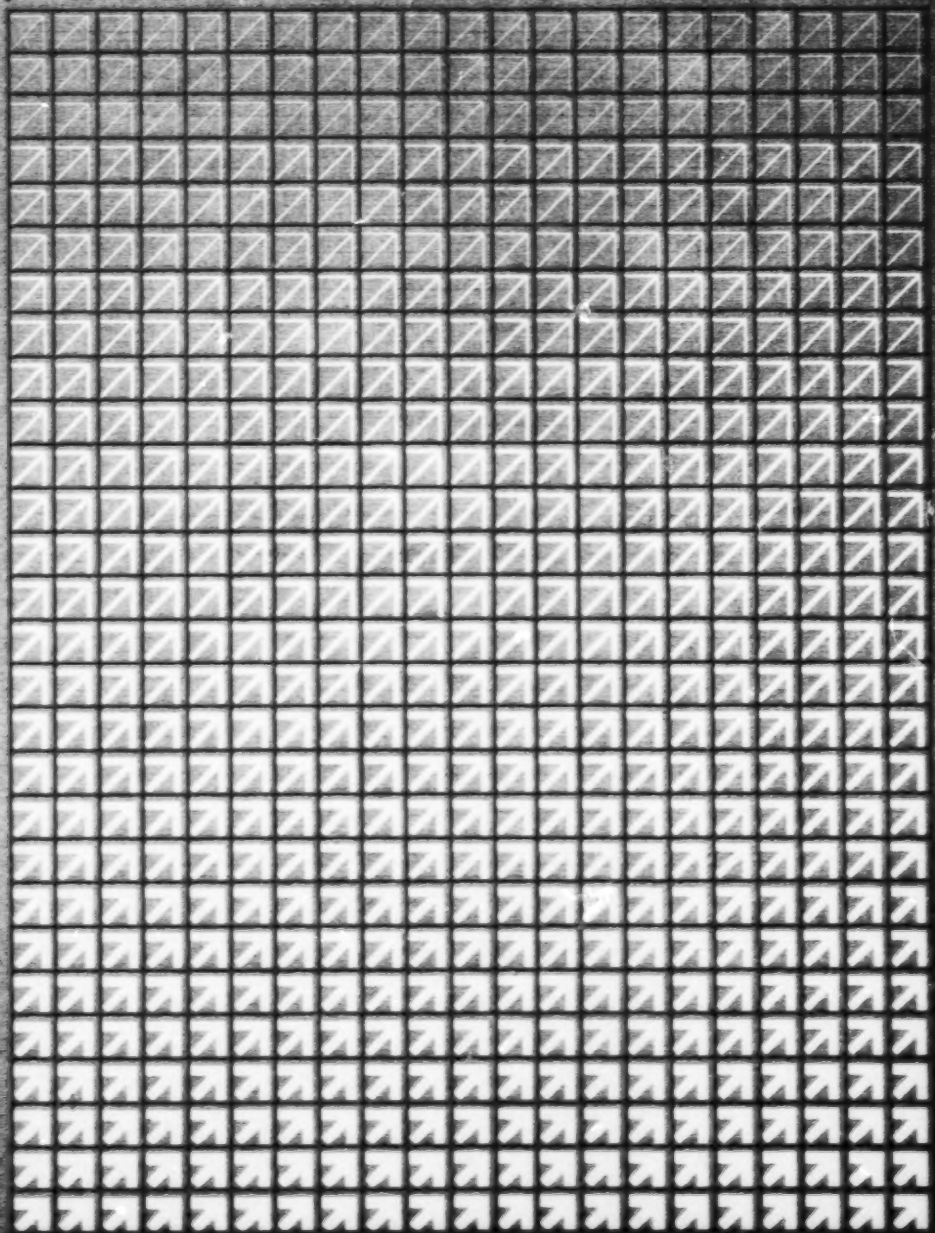
Annual Report

For the year ended March 31, 1982



Chairman's Report

91-06612/

Small Business
Development Corportion

Nova Scotia

**Department of
Small Business
Development**

Small Business
Development Corporation

5th Floor
Joseph Howe Building
1690 Hollis Street
Halifax, Nova Scotia
Canada B3J 3J9

902 424-4920
Fax 902 424-8683

Our file no

February 15, 1991

The Honourable Ken Streatch
Minister of Small Business Development
Province of Nova Scotia
Halifax, Nova Scotia

Dear Mr. Minister:

I am pleased to present, on behalf of the Board of Directors of the Small Business Development Corporation, our Audited Financial Statements for the fiscal year ended March 31, 1990.

During the year, the Board approved financing for 101 projects totalling $7.4 million in Small Business Development Corporation assistance to various small businesses throughout the Province. These projects involved total capital investment of $15 million. In the latter stage of our fiscal year, the Board welcomed your announcement of a proposed major expansion and reorganization of the Corporation to take place early in the new fiscal year. In fact, the attached financial statements reflect the transfer of industrial parks and buildings from Industrial Estates Limited to Small Business Development Corporation as at March 30, 1990, which is a first step in the proposed reorganization.

I wish to record my appreciation of service by former Directors, Heather Veniotte and John Logan of the Southwestern and Valley Regional Boards respectively, who resigned from the Board during the year.

I would like to extend my thanks to the Directors, Officers and Staff of the Corporation for their dedication and support during the year.

Respectfully submitted,

Robert P. Dexter
Chairman

Board of Directors

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"There is hereby established a body corporate to be known as the Small Business Development Corporation. The Corporation may, subject to the regulations, render to small business financial assistance, or such other assistance as may be determined by the regulations, which in the opinion of the Board will encourage, sustain, improve or develop small business in the Province." (Small Business Development Act)

The Small Business Development Corporation reports to the Legislature through:

The Minister of Department of Small Business Development
The Hon. Ken Streatch
Province of Nova Scotia

Board

Robert P. Dexter	**Chairman**
Frank Bettens	**Board Executive Committee**
Edward B. Chase	
Harold W. Clarke	
Robert P. Dexter	
Ora P. Harkins	
J. Patrick O'Neil	
D. Roy Publicover	
Wilma Stewart	
Elaine Surette	

Administration

Doug Giannou	**Executive Director**
Harold W. Clarke	**Director — Provincial Lending**
Dennis G. Holland	**Director — Regional Lending**
Margaret Howie	**Legal Counsel**

Board of Directors — Regional Boards

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Regional Boards

CAPE BRETON
Frank Bettens, CHAIRMAN
Sue Forrester
Jon Lawrence
Daniel Macaulay
Sharon Salter
John Terry
Norman MacLean

VALLEY
Edward B. Chase, CHAIRMAN
Claude M. Cook
Brian W. Cummings
Robert L. Hall
Aileen Keddy
Parker Regan
Freda Stephens

NORTHEASTERN
D. Roy Publicover, CHAIRMAN
Jack B. Boyd
Frank D. Elliott
Earl MacIntosh
Carol Mosher
Raymond A. Ross
Darrell M. Rushton
Ann Wren

CENTRAL
Ora P. Harkins, CHAIRMAN
Morton Kelly
Douglas Mullenger
Harald Norve
Vern Paul
Robert Scott

SOUTHWESTERN
Elaine Surette, CHAIRPERSON
Frank Anderson
Gloria Hutchinson
Paul LeBlanc
Rene Wearing
David Irvine

Auditors Report

Small Business
Development Fund

Nova Scotia

Auditor General

P.O Box 793
Halifax, Nova Scotia
B3J 2V2

AUDITOR'S REPORT

To the Minister of Small Business Development; and

To the Chairman and Members of the Board of the
Small Business Development Corporation

I have examined the balance sheet of the Small Business Development Corporation as at March 31, 1990 and the statement of continuity of fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Small Business Development Corporation as at March 31, 1990 and the continuity of fund for the year then ended, in accordance with the accounting policies set out in Note 2 of the financial statements, applied on a basis consistent with that of the preceding year.

O.P. Cormier, F.C.A.
Auditor General

Halifax, Nova Scotia
June 29, 1990

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Department of
Small Business
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Province of Nova Scotia

Balance Sheet
As at March 31, 1990

Small Business Development Fund

Assets

	1990	1989
Loans receivable (Note 3)	$19,474,023	$17,818,293
Industrial parks and buildings (Note 5)	21,604,923	—
Leased wharf (Note 6)	537,539	—
	$41,616,485	**$17,818,293**
Due from Consolidated Fund		
Loans authorized but unadvanced	1,183,950	2,203,282
Guarantees (Note 4)	2,101,091	1,095,000
Free balance	5,815,547	8,332,464
	9,100,588	11,630,746
	$50,717,073	**$29,449,039**

Fund Balance

Small Business Development Fund	$53,934,286	$32,448,318
Less: Allowance for doubtful accounts	3,217,213	2,999,279
	$50,717,073	**$29,449,039**

Approved on Behalf of the Board

Small Business Development Corportion

Chairman

Department of Small Business Development
Province of Nova Scotia

Member

Statement of Continuity of Fund

For the year ended March 31, 1990

Small Business Development Fund

	1990	1989
Balance, beginning of year	$32,448,318	$32,945,942
Add: Amounts transferred from Industrial Estates Limited	22,142,462	—
	54,590,780	32,945,942
Deduct: Accounts written off	656,494	497,624
Balance, end of year	$53,934,286	$32,448,318
Comprising:		
Loans advanced and guarantees in effect	$23,414,266	$21,720,374
Industrial parks and buildings	21,604,923	—
Leased wharf	537,539	—
Loans authorized but unadvanced and guarantees not in effect	2,562,011	2,395,480
Free balance	5,815,547	8,332,464
	$53,934,286	$32,448,318

Small Business Development Corportion

Department of Small Business Development
Province of Nova Scotia

Notes to Financial Statements

Small Business Development Fund

1. Authority

The Small Business Development Fund was established pursuant to the Small Business Development Act. The purpose of the Fund is to finance the activities of the Small Business Development Corporation.

The objective of the Corporation is to promote the economic well-being of the Province by rendering financial assistance to small business.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by a) and b) below.

a) Administrative Expenses, Interest Revenue and Expense

Administrative expenses of the Board and the differential between capital advance interest charges from the Department of Finance and the interest revenues earned on loans are included in the expenditures of the Department of Small Business Development.

These amounts are not reflected in the attached financial statements, nor is accrued loan interest receivable.

b) Industrial parks and buildings

Industrial parks are carried at cost of acquisition plus cost of improvements, less proceeds of disposals. The buildings in the parks, which are mainly used as incubator malls, are carried at cost less depreciation calculated on the straight-line method over 20 years.

c) Leased Wharf

The leased wharf is valued at net cost. The carrying cost of the wharf owned by the corporation and leased to a tenant is reduced each year by the amortization of capitalized lease payments.

Notes to Financial Statements

3. Loans Receivable

	1990	1989
Loans receivable	$20,276,913	$18,266,900
Foreclosed assets and properties held for sale	1,242,121	1,237,395
Deficiency balances	788,043	1,068,277
	22,307,077	20,572,572
Less: Allowance for doubtful accounts	2,833,054	2,754,279
	$19,474,023	$17,818,293

Small Business Development Fund

4. Guarantees

	1990	1989
Guarantees in effect	$ 1,107,189	$ 1,147,802
Guarantees not in effect	1,378,061	192,198
	2,485,250	1,340,000
Less: Allowance for guarantees likely to be honoured	384,159	245,000
	$ 2,101,091	$ 1,095,000

5. Industrial Parks and Buildings

Order-in-Council 90-225 authorized the transfer to the Corporation as at March 30, 1990 of the net book value of all industrial parks and buildings of Industrial Estates Limited. These parks consist of land in various stages of development from unimproved to fully developed and serviced lots. The parks also include some buildings which are mainly used as incubator malls.

No provision has been made to reflect on an individual park by park basis the difference between the carrying cost and fair market value. As at March 31, 1990, the cost of parks in excess of management's determination of market value totalled $10,877,958 (market value — $7,691,770). The cost of parks where market value exceeded cost was $6,308,683 (market value — $11,053,400). This results in a net excess of current market value over carrying costs of approximately $1,558,529.

The balance of the cost of industrial parks and buildings of $4,418,282 is represented by the book value at March 31, 1990 of the incubator malls less accumulated depreciation calculated on a straight-line basis.

6. Leased Wharf

At March 30, 1990 the net book value of a wharf in Sheet Harbour was transferred from Industrial Estates Limited.

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Authorization by Industry Sector		1990 %	1990 Amount	1989 %	1989 Amount
Manufacturing	Metal Fabrication& Machinery	7	$505,000	6	$423,000
	Wood, Plastic& Concrete	6	461,400	4	265,700
	Textiles	6	435,000	—	20,000
	Food (including Fish Processing)	11	839,250	3	179,000
	Electronics	—	15,000	4	248,000
	Marine Related	1	55,000	—	—
	Printing & Related	2	135,000	1	38,000
	Miscellaneous	2	135,500	1	75,000
	Sub Total	**35**	**$2,581,150**	**19**	**$1,248,700**
Services	Motels, Restaurants and Tourism Related	15	$1,125,400	22	$1,422,000
	Transportation	5	378,500	6	350,500
	Leisure and Recreation	—	—	3	168,000
	Business and Personal	13	958,500	6	394,500
	Agriculture and Forestry	5	332,000	2	108,000
	Construction	8	600,500	13	827,000
	Miscellaneous	2	111,000	2	157,000
	Sub Total	**48**	**$3,505,900**	**54**	**$3,427,000**
Trade	Retail & Wholesale Sub Total	**17**	**$1,287,100**	**27**	**$1,697,000**
Total Authorizations		**100**	**$7,374,150**	**100**	**$6,372,700**

Department of Small Business Development
Province of Nova Scotia

Small Business
Development Corportion

Applications and Authorizations		1990 #	1990 Amount	1989 #	1989 Amount
Total Applications Processed		167	$12,546,252	155	$11,035,282
	Average Amount		$75,127		$71,195
	Applications Authorized	101	$7,374,150	100	$6,372,700
	% of Total	60%	59%	64%	58%
	Applications Declined	30	$2,258,361	26	$1,894,096
	% of Total	18%	18%	17%	17%
	Applications Withdrawn	36	$2,913,741	29	$2,768,486
	% of Total	22%	23%	19%	25%

Purpose of Authorizations	%	Amount	%	Amount
To Establish a New Business	24	$1,748,550	21	$1,312,500
To Expand an Existing Business	72	$5,336,600	75	$4,801,200
Other Miscellaneous Purposes	4	$289,000	4	$259,000

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Distribution of Authorization by Size		1990 #	1990 %	1989 #	1989 %
$0 to	$25,000	29	29	40	40
$25,000 to	$50,000	30	30	24	24
$50,000 to	$100,000	15	15	19	19
$100,000 to	$250,000	27	26	17	17
	Total	**101**	**100**	**100**	**100**

Distribution of Authorizations by Project and Source		1990 %	1990 Amount	1989 %	1989 Amount
Project Cost	Land and Buildings	47	$7,102,474	48	$5,312,864
	Machinery and Equipment	25	3,812,445	40	4,347,051
	Working Capital	25	3,790,635	11	1,180,679
	Miscellaneous	3	376,246	1	153,000
	Total	**100**	**$15,081,800**	**100**	**$10,993,594**
Financing	SBDC Loan	38	5,786,400	55	6,077,700
	SBDC Guarantee	11	1,587,750	3	295,000
	New Equity Investment	12	1,840,946	14	1,482,488
	Govt. Grants	15	2,188,949	13	1,420,996
	Other Lenders	22	3,367,000	9	1,040,200
	Working Capital	2	310,755	6	677,210
	Total	**100**	**$15,081,800**	**100**	**$10,993,594**

Small Business
Development Corportion

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Fax 902-424-8683

IN CO-ORDINATION WITH

Nova Scotia Department of Small Business Development Small Business Service Centres

Cape Breton	563-2070 Facsimile: 563-0500	1st Floor, Commerce Tower, 15 Dorchester St., **Sydney,** B1P 5Y9
Strait of Canso	625-3200 Facsimile: 625-3069	302 Philpott St., P.O. Box 219, **Port Hawkesbury,** B0E 2V0
Northeastern	893-1595 Facsimile: 893-1334	640 Prince St., **Truro** B2N 1G4
	755-7040	115 MacLean St., P.O. Box 1021 **New Glasgow,** B2H 5N8
	667-3223	Amherst Industrial Park, P.O. Box 458 **Amherst,** B4H 4A1
Central	424-5690 Facsimile: 424-0507	Suite 950, Metropolitan Place, 99 Wyse Road, **Dartmouth,** B3A 4S5
Valley	679-6116 Facsimile: 679-6094	Annapolis Valley Industrial Park Mall P.O. Box 524, **Kentville,** B4N 3X3
Southwestern	742-8404 Facsimile: 742-0019	13 First Street, **Yarmouth,** B5A 1S9
	543-0501	Provincial Bldg., 99 High St., **Bridgewater,** B4V 1V8
General	424-6660 Facsimile: 424-0505	Joseph Howe Bldg., Suite 700 1690 Hollis St., **Halifax,** B3J 3J9

**Department of
Small Business
Development**
Province of Nova Scotia